



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	S. 0108	Amended by the Senate on March 29, 2023
Author:	Davis	
Subject:	Death Benefits for Law Enforcement Killed in the Line of Duty	
Requestor:	Senate Finance	
RFA Analyst(s):	Miller and Jolliff	
Impact Date:	April 11, 2023	

Fiscal Impact Summary

This amended bill requires a lump sum payment of \$75,000 to be paid to the beneficiary of a first responder who is killed in the line of duty if certain criteria are met. The payment is increased to \$150,000 if the first responder is killed in the line of duty and the death is a result of an unlawful and intentional act of another person, or is killed while responding to an emergency or other similar incident. First responder is defined as an emergency medical services provider or volunteer provider, a law enforcement officer or volunteer officer who meets the requirements of Section 23-23-10(E)(1) and who is certified by the South Carolina Law Enforcement Training Council, a fire department worker or volunteer worker, a coroner, or a deputy coroner directly engaged in examining, treating, or directing persons during an emergency. The payments made must be from the contributions made by participating employers to the Preretirement Death Benefit Program under either the Police Officers Retirement System (PORS) or the South Carolina Retirement System (SCRS). The bill also specifies that the payments made for an emergency medical services provider volunteer, a law enforcement volunteer, or a fire department volunteer must be paid from the State Accident Fund (SAF).

Based on an analysis by the Public Employee Benefit Authority (PEBA) and research by Revenue and Fiscal Affairs, we estimate that the bill as amended will increase death benefits from PORS by approximately \$750,000 and SCRS benefits by approximately \$300,000, for a total of up to \$1,050,000 per year to the two retirement systems. These figures are based on the \$150,000 benefit and would be lower if any of the eligible deaths do not meet the requirements for the enhanced payment level. Alternatively, if any of these first responders are volunteers, this could shift responsibility of the payments of the death benefits to the SAF.

The impact on the SAF will depend on the benefit payments required. The SAF expressed concerns regarding the administration of payments for volunteers. First, it is unclear from the bill if the volunteer must be a participant in SCRS or PORS to collect the benefit payments. In order for a volunteer to be a member of either SCRS or PORS, the volunteer must have some form of earned service. The SAF stated that if being a member is a prerequisite to a volunteer qualifying for the death benefits, then no true volunteer would receive payment. However, if it is not a requirement that the individual be a participant in SCRS or PORS to collect the death benefit, there appears to be either the potential for a double recovery, or the possibility of a conflict regarding responsibility for payment of those benefits. The SAF believes that it is

possible that a volunteer could collect under both subitems 5 and 6 of 9-1-1770(D)(5) and (6)/9-11-120(E)(5) and (6) if the volunteer also happens to be a member of one of the State's retirement systems. This could either create a situation for a double recovery, or, if the statute limits the individual to a single recovery, it does not clarify the issue of whether these funds should come from the Preretirement Death Benefit Program or the SAF. Additionally, the SAF is entirely funded by premiums paid by policyholders. The bill does not provide a mechanism by which the SAF can be reimbursed for any benefits paid under these sections. Therefore, the fiscal impact on the SAF would depend on whether a mechanism is added to the bill under which SAF can be reimbursed. At this time, there is no method for generating the funds to cover these payments.

Explanation of Fiscal Impact

Amended by the Senate on March 29, 2023

State Expenditure

This amended bill requires a lump sum payment of \$75,000 to be paid to the beneficiary of a first responder who is killed in the line of duty if certain criteria are met. The payment is increased to \$150,000 if the first responder is killed in the line of duty and the death is a result of an unlawful and intentional act of another person, or the first responder is killed while responding to an emergency or other similar incident. Currently, the preretirement incidental death benefit is equal to the member's annual earnable compensation at the time of death. This bill will provide an additional \$75,000 or \$150,000 payment. The payments made must be from the contributions made by participating employers to the Preretirement Death Benefit Program under either PORS or SCRS. The bill also specifies that the payments made for an emergency medical services provider volunteer, a law enforcement volunteer, or a fire department volunteer must be paid from the SAF.

PEBA provided an actuarial analysis to determine the potential impact covering law enforcement officers and emergency medical services providers will have on PORS and SCRS. The actuarial analysis anticipates that approximately two to three line-of-duty deaths occur each year for law enforcement officers in PORS based on historical experience, which results in an increase of \$300,000 in death benefits paid for law enforcement officers. This will increase the cost of PORS by around 0.02 percent annually, which the report considers to be a minimal impact to the actuarial accrued liability, and about a 0.02 percent increase in the normal cost rate in PORS. This estimate is based on the actuarial valuation of PORS as of July 1, 2022.

PEBA does not currently have line-of-duty information for members in SCRS to determine the member's occupation. As such, the actuarial analysis assumes that the experience in SCRS for emergency medical services providers will be similar to PORS, for a potential annual cost of \$300,000 for two to three line-of-duty deaths each year. Alternatively, this would increase to \$1,200,000 if there are eight to ten line-of-duty deaths. However, since the covered payroll for SCRS is several times larger than covered payroll for PORS, the cost impact as a percentage is significantly smaller than the estimated 0.02 percent increase for PORS.

Given the limited information available, we have provided the following analysis of the potential cost of the amended bill based on our research and the information provided by PEBA.

An analysis of occupational deaths related to emergency services estimated a rate of 14.2 fatalities per 100,000 police officers, 12.7 for emergency medical services providers, and 16.5 for firefighters annually.¹ Currently, there are approximately 15,089 Class 1, 2, and 3 law enforcement officers based on data from the SC Criminal Justice Academy. The SC Office of State Fire Marshall reports that there are approximately 18,500 firefighters employed in SC, including volunteer and paid firefighters. Further, the Department of Health and Environmental Control reported approximately 12,328 emergency medical technicians. Based on these rates and the above employment levels, we would estimate approximately 2 law enforcement deaths, 3 firefighter death, and 2 emergency medical services provider deaths per year.

From these figures, we would estimate that the bill as amended will increase death benefits from PORS by approximately \$750,000 and SCRS benefits by approximately \$300,000, for a total of up to \$1,050,000 per year to the two retirement systems. These figures are based on the \$150,000 benefit and would be lower if any of the eligible deaths do not meet the requirements for the enhanced payment level. However, if any of these first responders are volunteers, this could shift responsibility of the payments of the death benefits to the SAF.

The SAF expressed concerns regarding the administration of payments for volunteers. First, it is unclear from the bill if the volunteer must be a participant in SCRS or PORS to collect the benefit payments. The SAF believes that it is possible that a volunteer could collect under both subitems 5 and 6 of 9-1-1770(D)(5) and (6)/9-11-120(E)(5) and (6). If it is not a requirement that the individual be a participant in SCRS or PORS to collect the death benefit, there appears to be a possibility for the beneficiary of a person who is a member and a volunteer to receive a double the death benefits, or the possibility of a conflict regarding responsibility for payment of those benefits. This could either create a situation for a double recovery, or, if the statute limits the individual to a single recovery, it does not clarify the issue of whether these funds should come from the Preretirement Death Benefit Program or the SAF.

Ultimately, the impact on the SAF will depend on the benefit payments required. Additionally, the SAF is entirely funded by premiums paid by policyholders. The bill does not provide a mechanism by which the SAF can be reimbursed for any benefits paid under these sections. Therefore, the fiscal impact would depend on whether a mechanism is added to the bill under which SAF can be reimbursed. At this time, there is no method for generating the funds to cover these payments.

State Revenue

N/A

¹ Maguire, et. al. *Occupational fatalities in emergency medical services: a hidden crisis*, *Annals of Emergency Medicine*, 2022 Dec; ;40(6):625-32. doi: 10.1067/mem.2002.128681. Retrieved March 28, 2023, <https://pubmed.ncbi.nlm.nih.gov/12447340/>

Local Expenditure

N/A

Local Revenue

N/A

Introduced on January 10, 2023

State Expenditure

This bill requires an employer who participates in the Preretirement Death Program to pay the beneficiary of a law enforcement officer who is killed in the line of duty a lump sum payment of \$75,000. The payment is increased to \$150,000 if the officer is killed in the line of duty and the death is a result of an unlawful and intentional act of another person, or the officer is killed while responding to an emergency or other similar incident. Currently, the preretirement incidental death benefit is equal to the member's annual earnable compensation at the time of death. This bill will provide an additional \$75,000 or \$150,000 payment.

PEBA provided an actuarial analysis to determine the potential impact this bill will have on PORS. The report assumes that all law enforcement officers who would be eligible for these death benefits are covered through PORS and that there will be no measurable impact to the South Carolina Retirement System. This analysis anticipates that approximately two to three line of duty deaths occur each year, which results in an increase of \$300,000 in death benefits paid. This will increase the cost of PORS by around 0.02 percent annually, which the report considers to be a minimal impact to the actuarial accrued liability, and about a 0.02 percent increase in the normal cost rate in PORS. This estimate is based on the actuarial valuation of PORS as of July 1, 2022.

State Revenue

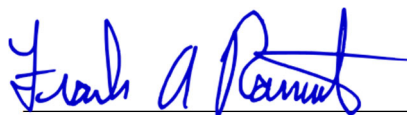
N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director